

HOUSE BILL 2277

By Alexander

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 82; Title 54 and Title 67, relative to utility loan programs.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-3-901(j), is amended by deleting the subsection in its entirety.

SECTION 2. Tennessee Code Annotated, Section 67-3-901(b)(5), is amended by deleting all language after the first sentence.

SECTION 3. Tennessee Code Annotated, Section 7-82-704(b), is amended by deleting the language "such" the first time it appears in the first sentence.

SECTION 4. Tennessee Code Annotated, Section 7-82-704(b), is amended by deleting the language "such" the second time it appears in the first sentence and by substituting instead the language "a".

SECTION 5. Tennessee Code Annotated, Section 7-82-704, is amended by deleting subsection (c) and subsection (d) in their entirety, and by substituting instead the following language:

(c) The remaining balance in the utility relocation loan program on the date of June 30, 2014 and established pursuant to § 67-3-901(j) as such subsection existed prior to the effective date of this act shall be transferred to the utility revitalization fund. Any outstanding relocation loans at the time of the balance transfer will be repaid to the utility revitalization fund as reflected by the previously adopted repayment schedules. A minimum of twenty-five percent (25%) of the balance of the fund shall be reserved for

use of relocation of utilities in conjunction with a Tennessee department of transportation project.

(d) The relocation loan funds shall be used for financing of all the costs incurred by any county, town, city, metropolitan government, utility district, government joint venture or authority empowered to provide utility services that provide utility services to customers related to relocating, moving or re-installing their utility facilities, without any additions to their utility facilities, when located within rights-of-way of highways on the system of state highways and required because of highway construction projects administered by the department of transportation.

(1) The utility management review board shall review applications for utility relocation loan funds. Only applicants that meet all of the following criteria may be recommended to the state funding board for loans:

(A) Are obligated to relocate, move or re-install its utilities due to a state highway project;

(B) Have been otherwise unable to obtain financing for such relocation at a reasonable cost on reasonable terms;

(C) Have established fees and charges for services of the utility to be effective immediately or over time sufficient to provide assurance of financial stability, and to agree to adjust such fees and charges periodically to ensure timely payment of loan payments and costs of operation of the system; and

(D) Have covenanted to take such actions necessary to be able to pay all loan payments when due.

(2) As part of its recommendation, the utility management review board shall recommend an estimated amount of the loan and an interest rate for the loan, utilizing an economic index based upon factors that include, but are not limited to, per capita incomes and property values of the applicant. Applicants falling within the lower economic scale on the index shall be eligible for lower

interest rates. Loans may be recommended at no interest for terms of five (5) years or less. In determining its recommendations, the board may use any index or regulations promulgated pursuant to § 68-221-1005(b).

(3) The state funding board is empowered to make and administer loans from the funds and may establish such terms as it determines to be appropriate to carry out the following:

(A) Loans shall be for a term of fifteen (15) years or less, not to exceed the useful life of the relocated utilities, with no prepayment penalties;

(B) Loans shall be subject to such other terms, not inconsistent with the foregoing, as the board determines to be appropriate; and

(C) Prior to the start of each fiscal year, the secretary of the state funding board shall certify to the commissioner of finance and administration and the commissioner of transportation, the uncommitted balance in the loan program as of the start of the next fiscal year.

(e) Any remaining amount available after the twenty-five percent (25%) set aside for relocation projects shall be used to offset any administrative costs for a utility being merged or consolidated with another utility. As part of its recommendation, the utility management review board shall recommend an estimated amount of the loan and an interest rate for the loan, utilizing an economic index based upon factors that include, but are not limited to, per capita incomes and property values of the applicant. Applicants falling within the lower economic scale on the index shall be eligible for lower interest rates. Loans may be recommended at no interest for terms of five (5) years or less. In determining its recommendations, the board may use any index or regulations promulgated pursuant to § 68-221-1005(b). The utility to be merged is not required to

meet the definition of financially distressed in §§ 7-82-401 or 68-221-1010, however, the need for the funds must be justified and documented to the state funding board.

SECTION 6. Tennessee Code Annotated, Section 54-5-854(h)(5), is amended by deleting the subdivision in its entirety and by substituting instead the following language:

(5) The moneys collected as civil penalties under this subsection(h) shall be paid into the fund set aside for the utility revitalization fund established under § 7-82-704.

SECTION 7. The provision of this act shall not be construed to be an appropriation of funds and no funds shall be obligated or expended pursuant to this act unless such funds are specifically appropriated by the general appropriations act.

SECTION 8. This act shall take effect July 1, 2014, the public welfare requiring it.